



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 883

DATE: February 17, 2010

TO: Iowa Medicaid-Certified Nursing Facilities

ISSUE BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

RE: Change in Reimbursement for Holding a Bed for a Hospitalized Resident

On October 8, 2009 Governor Culver issued Executive Order 19 which mandated a 10 percent across-the-board cut in state government spending. As a result, the Department of Human Services implemented a change in nursing facility bed hold payments effective December 1, 2009 as part of the effort to achieve the savings required in the executive order. Informational Letter No. 867 was issued to notify providers of the changes affecting Medicaid reimbursement to nursing facilities. The purpose of this Informational Letter is to clarify the Department's policy pertaining to the change in reimbursement for holding a bed for a hospitalized resident.

Iowa Medicaid Bed-Hold Policy

A Medicaid-eligible resident will have their bed held in a nursing facility during their temporary absence from the facility:

- When the resident is absent due to hospitalization, for a period not to exceed 10 days in any calendar month.
- When the resident is absent overnight for the purpose of visitation or vacation for a period not to exceed 18 days in any calendar year. Additional days shall be based upon a recommendation by the resident's physician in the plan of care that additional days would be rehabilitative.

Payment for Bed-Hold During a Hospital Stay

Effective December 1, 2009, the method for calculating the payment for bed-hold when a resident is hospitalized has changed. Nursing facilities shall be reimbursed for holding a bed for a hospitalized resident only if the facility's occupancy rate is at 95 percent or more.

- If a facility has occupancy at or above 95 percent of the facility's license capacity, payment for periods when a resident is absent for hospitalization will be made at 25 percent of the actual per diem rate.
- For facilities that have occupancy less than 95 percent of the facility's license capacity, no payment will be made for periods when a resident is absent for hospitalization for the period beginning each July 1 through June 30 of the following year.

This change does not apply to special population facilities. Bed-hold payments for hospitalized residents of special population facilities shall continue to be made at 42 percent of the daily rate.

Facility occupancy will be determined each July 1, based on actual inpatient day information reported on the Financial and Statistical Report, form 470-0030, submitted for the fiscal year end of the preceding December 31 or earlier. The occupancy rate will be effective each July 1 through June 30 of the following year.

Payment for Bed-Hold during Visit or Vacation

There are no changes made to calculating the payment for bed-hold when a resident is absent from the facility due to visit or vacation. These bed-hold payments will continue to be made at 42 percent of the daily rate.

Nursing Facility Billing During a Hospital Stay

When billing Medicaid claims for a resident who is hospitalized and the facility is under the 95% occupancy, a facility may elect to bill the day as non-covered *or* bill the day as a hospital leave day. If billed as a hospital leave day, no payment will be made, however the day must be counted on their census. If the hospital leave day is billed as a *non-covered* day, the facility *does not count the day on their census* and the facility may not charge the resident. Regardless of payment amount, the facility is required to hold the bed for the resident for up to 10 days per calendar month.

For cost reporting purposes, the total resident days reported in column 4 of the statistical information must include all private-pay and public assistance residents occupying a bed *or paying for reserve bed days* in the facility during the reporting period. The Medicaid days reported in column 5 of the statistical information must include all Medicaid residents occupying a bed *or paying for reserve bed days* in the facility during the reporting period. Include the day of discharge only when the resident was admitted the same day.

Hospital Stay Exceeds 10 Calendar Days per Month

If a resident is hospitalized for more than 10 days in a month, the resident's family or friends may pay to hold the resident's bed at an amount that shall not exceed the amount the Department would pay to hold the bed. If the facility is below the 95% occupancy the amount the Department would pay is \$0, as such the facility cannot charge the resident.

After 10 days, the facility may choose to discharge a resident and follow normal discharge procedures (e.g., clothing and possessions are returned to the family, the personal needs account is closed and all resident records are closed). There must be a written policy regarding how each facility will handle bed-hold billing procedures and discharge policies that are consistent for all residents, regardless of payer source.

If you have any questions, please contact the IME Provider Services Unit, 1-800-338-7909, locally 515-256-4609 or by e-mail at imeproviderservices@dhs.state.ia.us.